

Department of Planning and Budget 2015 Fiscal Impact Statement

1. **Bill Number:** SB1372-S1

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. **Patron:** Ruff

3. **Committee:** Commerce and Labor

4. **Title:** Workforce development; coordination of statewide delivery of workforce development.

5. **Summary:** Makes several changes to the Virginia Board of Workforce Development (Board), including (i) requiring quarterly meetings of the Board; (ii) establishing a full-time director position to be supervised by the Governor's Chief Workforce Development Advisor (Advisor) and dedicated to supporting the Board's operations; and (iii) adding, as an area of policy advice to the Governor, issues to create a business-driven system that increases the rates of attainment of workforce credentials and jobs. Beginning November 1, 2016, and annually thereafter, each agency administering any publicly funded career and technical education and workforce development program shall submit to the Governor and the Board a report detailing the program's performance against state-level metrics established by the Advisor. In addition, the Advisor, the Commissioner of the Virginia Employment Commission (VEC), and the Chancellor of the Virginia Community College System (VCCS) shall enter into a memorandum of understanding that sets forth (i) the roles and responsibilities of each of these publicly funded entities; (ii) a funding mechanism that adequately supports operations under the federal provisions; and (iii) a procedure for the resolution of any disagreements that may arise. The Advisor, VEC, and VCCS shall collaborate to produce an annual executive summary. Each local workforce development board shall develop and execute a strategic plan designed to combine public and private resources to support sector strategies, career pathways, and career readiness skills development. This bill also sets the minimum level of fiscal support from WIOA Adult and Dislocated Worker funds, and provides incentives. The bill also makes several technical amendments required with the transition from the federal Workforce Investment Act of 1998 to the federal Workforce Innovation and Opportunity Act of 2014.

The second enactment clause provides that on October 1, 2017, the Executive Director of the Board shall provide members of the Board with a detailed report evaluating local workforce develop boards' rate of the expenditures for incentives from July 1, 2015, to July 1, 2017.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Preliminary.

- 8. Fiscal Implications:** Staff support for the Board will be led by a full-time director to be supervised by the Chief Workforce Development Advisor. Additional staff may be in the form of in-kind support from agencies.

Under the provisions of the bill, funding for a full-time director position will be provided by the Workforce Innovation and Opportunity Act of 2014 (WIOA). The estimated cost for the director's position, including fringe benefits, is \$140,000. Additionally, funding for the Board's operating expenses are to be provided by WIOA funds.

The costs associated with meeting expenses for the Board are indeterminate at this time. However, this bill requires the Board to meet at least quarterly. There also could be some additional costs associated with the increased reporting requirements.

- 9. Specific Agency or Political Subdivisions Affected:** The Virginia Community College System, The Department of Education (adult services), the Virginia Employment Commission, the Secretary of Commerce and Trade, Secretary of Education, Secretary of Health and Human Resources, the Secretary of Veterans and Homeland, Superintendent of Public Instruction, the Department of Social Services, the Department of Veterans Services, the Department of Aging and Rehabilitative Services, and local workforce development boards.

- 10. Technical Amendment Necessary:** Yes. Line 116, after "summary" insert "no later than the first day of each regular session of the General Assembly." Line 118, after "WIOA" strike the remainder of the sentence.

- 11. Other Comments:** HB 1986 makes changes to coordinate the delivery of workforce development and training programs at the state, regional, and local levels.

Date: 02/04/2015 /jlm
cc: Secretary of Commerce and Trade.
Secretary of Education